

REPORT OF THE AUDIT DEPARTMENT
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2001-3-E
DUKE POWER COMPANY

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recovery as of May 2001 differs from Staff's. Staff's Purchased Power figures for July 2000, October 2000, December 2000 and January 2001 differ from the Company's figures. Staff's figures, per Staff's report, reflect calculation adjustments made to Purchased Power Costs for this fuel review period, based on Staff's review of Purchased Power invoices and system operations reports. Also, Staff's Intersystem Sales figure for September 2000 differs from the Company's figure because Staff's figure reflects a correction for an erroneous figure used by the Company. Staff's Exhibit G, S.C. Retail Comparison of Fuel Revenues and Expenses, which consists of two pages, provides details of Staff's cumulative over-recovery balance.

As stated in Duke Power Company's Adjustment for Fuel Costs, fuel costs will be included in base rates to the extent determined reasonable and proper by the Commission. Accordingly, the Commission should consider the over-recovery of \$15,862,631 along with the anticipated fuel costs for the period June 1, 2001 to May 31, 2002, for the purpose of determining the base cost of fuel in rates effective June 1, 2001.

This over-recovery figure of \$15,862,631 was provided to the Commission's Utilities Department.

RESULTS OF EXAMINATION

Based on the Audit Staff's examination of Duke Power Company's books and records, and the utilization of the fuel cost-recovery mechanism as directed by this Commission, the Audit Staff is of the opinion that the Company has complied with the directives (per the Fuel Adjustment Clause) of the Commission.

EXHIBITS

Exhibits relative to this report are identified as follows:

EXHIBIT A: COAL COST STATISTICS

In Exhibit A, Coal Cost Statistics, Staff compares spot, contract and total coal received for the months of April 2000 through March 2001. The comparison is made in the following areas:

1. Tons Purchased
2. Percentage of Total Tons Purchased
3. Received Cost Per Ton
4. Total Received Cost
5. Cost Per MBTU

EXHIBIT B: RECEIVED COAL-COST PER TON COMPARISON

In Exhibit B, Staff has shown for comparison purposes, the freight cost per ton, mine cost per ton, the total cost per ton, and the cost per MBTU of received coal for Duke Power Company, Carolina Power & Light Company, and South Carolina Electric & Gas Company. The cost per ton shown for the period April 2000 through March 2001 included both spot and contract purchases, and were extracted from required filings for Carolina Power & Light Company, South Carolina Electric & Gas Company, and from Duke Power Company.

EXHIBIT C: DETAIL OF NUCLEAR COST

In Exhibit C, Staff has shown in detail, the two components in total nuclear costs. These components are as follows:

1. Burn-up Cost
2. Disposal Cost

EXHIBIT D: TOTAL BURNED COST (FOSSIL AND NUCLEAR)

This exhibit reflects the dollar amounts of burned costs, including emission allowance expenses, and the percentage of the Total Burned Costs for fossil and nuclear fuel by months from April 2000 through March 2001.

EXHIBIT E: COST OF FUEL

In Exhibit E, Staff has computed the total fuel cost applicable to the factor computation. There are three (3) components used in arriving at this cost. Those components are as follows:

1. Cost of Fuel Burned...This amount is the burned cost of all fossil and nuclear fuel during the period. A detailed breakdown between coal (including emission allowance expenses), oil, gas and nuclear fuel can be seen in Exhibit D.

2. Purchase and Interchange Power Fuel Cost... This amount is the monthly KWH's delivered to or received by one electric utility system from another.

3. Fuel Cost Recovered through Intersystem Sales... This amount is the fuel-related cost on KWH's sold during the period to Yadkin, Inc. and other electric utilities.

Total fuel cost applicable to the factor is computed by adding the cost of fuel burned to purchased power and interchange power fuel cost. This amount is then reduced by fuel associated with intersystem sales.

EXHIBIT F: FACTOR COMPUTATION

Staff has computed the Fuel Cost Adjustment Factor by month beginning with April 2000 and going through March 2001. In computing this factor, total fuel cost applicable to the Fuel

Adjustment Clause is divided by total system sales, excluding intersystem sales. This results in fuel cost per KWH. The fuel cost per KWH is then compared to the base cost per KWH as ordered by the Commission. This variance is reflected as the monthly fuel cost adjustment factor.

EXHIBIT G: S.C. RETAIL COMPARISON OF FUEL REVENUES AND EXPENSES

Shown in this exhibit is the computation of the cumulative over-recovery at May 31, 2001.

DUKE POWER COMPANY
COAL COST STATISTICS
APRIL 2000 - MARCH 2001

AUDIT EXHIBIT A

SPOT

<u>MONTH</u>	<u>TONS RECEIVED</u>	<u>PERCENTAGE</u>	<u>COST/TON RECEIVED</u>	<u>TOTAL RECEIVED COST</u>	<u>\$/MBTU</u>
	<u>TONS</u>	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Apr-00	467,261.75	36.65%	30.38	14,195,471.81	1.2190
May-00	507,992.45	38.72%	31.52	16,010,424.06	1.2505
Jun-00	502,708.85	36.58%	32.52	16,346,513.78	1.3123
Jul-00	460,935.55	37.70%	33.74	15,551,021.81	1.3633
Aug-00	378,684.85	28.36%	32.26	12,218,027.24	1.2887
Sep-00	352,676.15	26.63%	32.21	11,358,423.67	1.3034
Oct-00	461,321.90	31.04%	32.16	14,835,314.41	1.2868
Nov-00	256,890.20	24.36%	32.93	8,459,382.73	1.3210
Dec-00	353,407.65	28.12%	32.48	11,479,810.24	1.3174
Jan-01	293,092.45	21.16%	36.39	10,664,409.17	1.4957
Feb-01	244,415.30	20.79%	38.80	9,483,155.85	1.6350
Mar-01	582,923.95	36.97%	43.98	25,635,840.51	1.7837
Totals (4/00 - 3/01)	4,862,311.05			166,237,795.28	

CONTRACT

<u>MONTH</u>	<u>TONS RECEIVED</u>	<u>PERCENTAGE</u>	<u>COST/TON RECEIVED</u>	<u>TOTAL RECEIVED COST</u>	<u>\$/MBTU</u>
	<u>TONS</u>	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Apr-00	807,722.85	63.35%	34.46	27,838,320.27	1.3873
May-00	804,047.45	61.28%	35.52	28,561,481.88	1.4202
Jun-00	871,377.10	63.42%	34.54	30,093,169.66	1.3903
Jul-00	761,811.45	62.30%	35.07	26,717,696.31	1.4211
Aug-00	956,529.60	71.64%	34.72	33,210,631.58	1.4021
Sep-00	971,797.20	73.37%	34.93	33,947,825.99	1.4075
Oct-00	1,024,717.36	68.96%	34.71	35,571,739.65	1.3936
Nov-00	797,579.25	75.64%	34.90	27,834,652.45	1.4035
Dec-00	903,504.60	71.88%	34.56	31,221,599.33	1.3968
Jan-01	1,092,041.85	78.84%	35.26	38,500,627.92	1.4292
Feb-01	931,375.55	79.21%	35.15	32,736,837.44	1.4301
Mar-01	993,836.00	63.03%	35.41	35,193,207.39	1.4489
Totals (4/00 - 3/01)	10,916,340.26			381,427,789.87	

COMBINED

<u>MONTH</u>	<u>TONS RECEIVED</u>	<u>PERCENTAGE</u>	<u>COST/TON RECEIVED</u>	<u>TOTAL RECEIVED COST</u>	<u>\$/MBTU</u>
	<u>TONS</u>	<u>%</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Apr-00	1,274,984.60	100.00%	32.97	42,033,792.08	1.3263
May-00	1,312,039.90	100.00%	33.97	44,571,905.94	1.3542
Jun-00	1,374,085.95	100.00%	33.79	46,439,683.44	1.3621
Jul-00	1,222,747.00	100.00%	34.57	42,268,718.12	1.3993
Aug-00	1,335,214.45	100.00%	34.02	45,428,658.82	1.3695
Sep-00	1,324,473.35	100.00%	34.20	45,306,249.66	1.3801
Oct-00	1,486,039.26	100.00%	33.92	50,407,054.06	1.3605
Nov-00	1,054,469.45	100.00%	34.42	36,294,035.18	1.3833
Dec-00	1,256,912.25	100.00%	33.97	42,701,409.57	1.3745
Jan-01	1,385,134.30	100.00%	35.49	49,165,037.09	1.4435
Feb-01	1,175,790.85	100.00%	35.91	42,219,993.29	1.4716
Mar-01	1,576,759.95	100.00%	38.58	60,829,047.90	1.5734
Totals (4/00 - 3/01)	15,778,651.31			547,665,585.15	

DUKE POWER COMPANY
RECEIVED COAL-COST PER TON COMPARISON
APRIL 2000 - MARCH 2001

<u>DUKE POWER COMPANY</u>				
	<u>INVOICE</u>	<u>FREIGHT</u>	<u>TOTAL</u>	
	<u>COST</u>	<u>COST</u>	<u>COST</u>	<u>COST PER</u>
<u>MONTH</u>	<u>PER TON</u>	<u>PER TON</u>	<u>PER TON</u>	<u>MBTU</u>
	\$	\$	\$	\$
Apr-00	22.81	10.16	32.97	1.3263
May-00	23.59	10.38	33.97	1.3542
Jun-00	23.47	10.32	33.79	1.3621
Jul-00	24.43	10.14	34.57	1.3993
Aug-00	23.72	10.30	34.02	1.3695
Sep-00	23.80	10.40	34.20	1.3801
Oct-00	23.82	10.10	33.92	1.3605
Nov-00	24.22	10.20	34.42	1.3833
Dec-00	23.60	10.37	33.97	1.3745
Jan-01	24.85	10.64	35.49	1.4435
Feb-01	25.27	10.64	35.91	1.4716
Mar-01	28.04	10.54	38.58	1.5734

CAROLINA POWER & LIGHT COMPANY

	<u>INVOICE</u>	<u>FREIGHT</u>	<u>TOTAL</u>	
	<u>COST</u>	<u>COST</u>	<u>COST</u>	<u>COST PER</u>
<u>MONTH</u>	<u>PER TON</u>	<u>PER TON</u>	<u>PER TON</u>	<u>MBTU</u>
	\$	\$	\$	\$
Apr-00	30.49	10.88	41.37	1.6575
May-00	31.40	10.66	42.06	1.6677
Jun-00	31.08	11.72	42.80	1.7291
Jul-00	31.13	12.30	43.43	1.7415
Aug-00	30.08	11.55	41.63	1.6842
Sep-00	29.78	11.36	41.14	1.6540
Oct-00	29.48	11.63	41.11	1.6607
Nov-00	29.51	11.41	40.92	1.6561
Dec-00	30.06	11.49	41.55	1.6767
Jan-01	30.96	11.84	42.80	1.7225
Feb-01	31.08	11.65	42.73	1.7241
Mar-01	32.55	11.62	44.17	1.7777

SOUTH CAROLINA ELECTRIC & GAS COMPANY

	<u>INVOICE</u>	<u>FREIGHT</u>	<u>TOTAL</u>	
	<u>COST</u>	<u>COST</u>	<u>COST</u>	<u>COST PER</u>
<u>MONTH</u>	<u>PER TON</u>	<u>PER TON</u>	<u>PER TON</u>	<u>MBTU</u>
	\$	\$	\$	\$
Apr-00	24.93	12.81	37.74	1.4908
May-00	25.14	12.50	37.64	1.4663
Jun-00	25.61	12.84	38.45	1.4969
Jul-00	25.45	12.10	37.55	1.4749
Aug-00	24.71	12.72	37.43	1.4733
Sep-00	24.66	12.72	37.38	1.4615
Oct-00	24.88	12.45	37.33	1.4505
Nov-00	25.52	12.23	37.75	1.4821
Dec-00	24.86	12.05	36.91	1.4484
Jan-01	26.09	12.55	38.64	1.5132
Feb-01	25.51	12.01	37.52	1.5091
Mar-01	27.47	9.68	37.15	1.4560

AUDIT EXHIBIT C

DUKE POWER COMPANY
DETAIL OF NUCLEAR COST
APRIL 2000 - MARCH 2001

MONTH	BURN-UP COST	DISPOSAL COST	TOTAL NUCLEAR COST
	\$	\$	\$
Apr-00	10,338,323	3,078,778	13,417,101
May-00	10,363,795	3,021,473	13,385,268
Jun-00	11,382,133	3,419,108	14,801,241
Jul-00	12,295,022	3,523,898	15,818,920
Aug-00	11,992,180	3,372,179	15,364,359
Sep-00	9,602,970	2,635,591	12,238,561
Oct-00	11,257,670	3,148,986	14,406,656
Nov-00	11,450,325	3,203,749	14,654,074
Dec-00	10,756,296	3,017,292	13,773,588
Jan-01	10,934,100	3,093,865	14,027,965
Feb-01	10,543,752	3,009,984	13,553,736
Mar-01	7,734,979	2,404,494	10,139,473
Total	128,651,545	36,929,397	165,580,942

AUDIT EXHIBIT D

DUKE POWER COMPANY
TOTAL BURNED COST (FOSSIL AND NUCLEAR)
APRIL 2000 - MARCH 2001

MONTH	COAL (1) \$	PERCENT %	OIL \$	PERCENT %	GAS \$	PERCENT %	NUCLEAR \$	PERCENT %	TOTAL BURNED COST \$
Apr-00	37,928,271	73.35%	356,879	0.69%	6,913	0.01%	13,417,101	25.95%	51,709,164
May-00	45,784,248	71.51%	880,966	1.38%	3,975,588	6.21%	13,385,268	20.90%	64,026,070
Jun-00	46,897,133	71.74%	465,976	0.71%	3,210,345	4.91%	14,801,241	22.64%	65,374,695
Jul-00	50,005,438	70.12%	444,241	0.62%	5,049,675	7.08%	15,818,920	22.18%	71,318,274
Aug-00	56,314,003	72.49%	464,965	0.60%	5,536,487	7.13%	15,364,359	19.78%	77,679,814
Sep-00	47,884,069	77.83%	362,943	0.59%	1,040,757	1.69%	12,238,561	19.89%	61,526,330
Oct-00	42,716,341	73.27%	830,870	1.43%	345,533	0.59%	14,406,656	24.71%	58,299,400
Nov-00	48,415,764	76.01%	617,731	0.97%	8,932	0.01%	14,654,074	23.01%	63,696,501
Dec-00	58,737,976	73.14%	7,744,781	9.65%	50,531	0.06%	13,773,588	17.15%	80,306,876
Jan-01	53,210,457	76.49%	2,324,340	3.34%	5,385	0.01%	14,027,965	20.16%	69,568,147
Feb-01	39,264,014	73.21%	812,837	1.52%	1,638	0.00%	13,553,736	25.27%	53,632,225
Mar-01	52,898,395	81.26%	1,937,595	2.98%	123,441	0.19%	10,139,473	15.57%	65,098,904

(1) Includes Emission Allowance Expense

AUDIT EXHIBIT E

DUKE POWER COMPANY
COST OF FUEL
APRIL 2000 - MARCH 2001

<u>MONTH</u>	<u>TOTAL COST OF FUEL BURNED</u>	<u>PURCHASED AND INTERCHANGE POWER FUEL COST</u>	<u>FUEL COST RECOVERED INTERSYSTEM SALES</u>	<u>TOTAL FUEL COST</u>
	\$	\$	\$	\$
Apr-00	51,709,164	2,140,434	(9,242,502)	44,607,096
May-00	64,026,070	5,543,805	(8,282,395)	61,287,480
Jun-00	65,374,695	17,204,111	(3,923,748)	78,655,058
Jul-00	71,318,274	12,668,049	(9,419,585)	74,566,738
Aug-00	77,679,814	13,246,942	(10,603,895)	80,322,861
Sep-00	61,526,330	10,030,469	(6,107,642)	65,449,157
Oct-00	58,299,400	1,904,659	(6,710,139)	53,493,920
Nov-00	63,696,501	1,315,647	(8,757,709)	56,254,439
Dec-00	80,306,876	7,820,343	(9,567,182)	78,560,037
Jan-01	69,568,147	2,826,932	(6,190,091)	66,204,988
Feb-01	53,632,225	2,417,356	(4,569,856)	51,479,725
Mar-01	65,098,904	6,427,207	(5,719,052)	65,807,059
Total	782,236,400	83,545,954	(89,093,796)	776,688,558

AUDIT EXHIBIT F

DUKE POWER COMPANY
FACTOR COMPUTATION
APRIL 2000 - MARCH 2001

	<u>TOTAL SYSTEM</u>	<u>BASE COST</u>	
	<u>SALES EXCLUDING</u>	<u>FUEL COST</u>	<u>FUEL</u>
<u>MONTH</u>	<u>TOTAL FUEL</u>	<u>PER KWH</u>	<u>ADJUSTMENTS</u>
	<u>COSTS</u>	<u>SALES</u>	<u>PER KWH</u>
	<u>\$</u>	<u>KWH</u>	<u>\$/KWH</u>
Apr-00	44,607,096	5,702,948,000	0.007822
May-00	61,287,480	6,179,755,000	0.009917
Jun-00	78,655,058	7,051,539,000	0.011154
Jul-00	74,566,738	7,356,606,000	0.010136
Aug-00	80,322,861	7,464,870,000	0.010760
Sep-00	65,449,157	7,209,379,000	0.009078
Oct-00	53,493,920	5,969,557,000	0.008961
Nov-00	56,254,439	5,773,259,000	0.009744
Dec-00	78,560,037	6,732,399,000	0.011669
Jan-01	66,204,988	7,074,978,000	0.009358
Feb-01	51,479,725	6,283,649,000	0.008193
Mar-01	65,807,059	5,845,504,000	0.011258

Duke Power Company
S.C. Retail Comparison of Fuel Revenues & Expenses
April 2000 - May 2001

Description	ACTUAL					
	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00
Fossil Fuel	38,292,063	50,640,802	50,573,454	55,499,354	62,315,455	49,287,769
Nuclear Fuel	13,417,101	13,385,268	14,801,241	15,818,920	15,364,359	12,238,561
Purchased Power (1)	2,140,434	5,543,805	17,204,111	12,668,049	13,246,942	10,030,469
Subtotal	53,849,598	69,569,875	82,578,806	83,986,323	90,926,756	71,556,799
Less: Fuel Cost Recovered through Intersystem Sales	9,242,502	8,282,395	3,923,748	9,419,585	10,603,895	6,107,642 (1)
Fuel Cost	44,607,096	61,287,480	78,655,058	74,566,738	80,322,861	65,449,157
Total System KWH Sales Excluding Intersystem Sales (000's)	5,702,948	6,179,755	7,051,539	7,356,606	7,464,870	7,209,379
\$/KWH Sales	0.007822	0.009917	0.011154	0.010136	0.010760	0.009078
Less: Base Sales (\$/KWH)	0.010000	0.010000	0.009500	0.009500	0.009500	0.009500
Fuel Adjustment Per KWH	(0.002178)	(0.000083)	0.001654	0.000636	0.001260	(0.000422)
S.C. KWH Sales (000's)	1,680,125	1,808,385	2,029,484	2,049,788	2,123,071	2,088,756
(Over)/Under Recovery	(3,659,312)	(150,096)	3,356,767	1,303,665	2,675,069	(881,455)
Cumulative (Over)/Under Recovery-March 2000	(26,703,441)					
Cumulative (Over)/Under Recovery this Period	(30,362,753)	(30,512,849)	(27,156,082)	(25,852,417)	(23,177,348)	(24,058,803)

Notes:

(1) (A) Staff's Purchased Power figures for July 2000, October 2000, December 2000 and January 2001 differ from the Company's figures. Staff's figures, per Staff's report, reflect calculation adjustments made to Purchased Power Costs for April 2000 through March 2001, based on Staff's review of Purchased Power invoices and system operations reports. (B) Also, Staff's Intersystem Sales figure for September 2000 differs from the Company's figure because Staff's figure reflects a correction made to Intersystem Sales (Company recorded a wrong figure).

It should be noted that in the Staff's report, after the adjustments to Purchased Power Costs and Intersystem Sales, a fuel cost per KWH rounding difference in May 2000 and a rounding difference in the monthly recovery amount for June 2000, the resultant (over)/under-recovery monthly amounts differ from the Company's figures for the months of May 2000, June 2000, September 2000, October 2000, December 2000 and January 2001. As a result, on a S.C. jurisdictional basis, the difference between the Company's and the Staff's cumulative over-recovery balances as of actual March 2001 is \$ 35,472, and the difference as of estimated May 2001 is \$ 35,369 (on a rounded basis, the cumulative difference is \$ 35,000).

Duke Power Company
S.C. Retail Comparison of Fuel Revenues & Expenses
April 2000 - May 2001

Description	ACTUAL					ESTIMATED		
	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01
Fossil Fuel	43,892,744	49,042,427	66,533,288	55,540,182	40,078,489	54,959,431	43,744,000	54,828,000
Nuclear Fuel	14,406,656	14,654,074	13,773,588	14,027,965	13,553,736	10,139,473	13,501,000	12,853,000
Purchased Power (1)	1,904,659	1,315,647	7,820,343	2,826,932	2,417,356	6,427,207	6,340,000	6,340,000
Subtotal	60,204,059	65,012,148	88,127,219	72,395,079	56,049,581	71,526,111	63,585,000	74,021,000
Less: Fuel Cost Recovered through Intersystem Sales	6,710,139	8,757,709	9,567,182	6,190,091	4,569,856	5,719,052	5,331,000	5,331,000
Fuel Cost	53,493,920	56,254,439	78,560,037	66,204,988	51,479,725	65,807,059	58,254,000	68,690,000
Total System KWH Sales Excluding Intersystem Sales (000's)	5,969,557	5,773,259	6,732,399	7,074,978	6,233,649	5,845,504	5,867,986	5,908,287
\$/KWH Sales	0.008961	0.009744	0.011669	0.009358	0.008193	0.011258	0.009927	0.011626
Less: Base Sales (\$/KWH)	0.009500	0.009500	0.009500	0.009500	0.009500	0.009500	0.009500	0.009500
Fuel Adjustment Per KWH	(0.000539)	0.000244	0.002169	(0.000142)	(0.001307)	0.001758	0.000427	0.002126
S.C. KWH Sales (000's)	1,765,742	1,627,138	1,863,379	1,948,413	1,833,327	1,636,605	1,766,151	1,764,229
(Over)/Under Recovery	(951,735)	397,022	4,041,669	(276,675)	(2,396,158)	2,877,152	754,146	3,750,751
Cumulative (Over)/Under Recovery - 9/00 (p.1 of 2)	(24,058,803)							
Cumulative (Over)/Under Recovery this Period	(25,010,538)	(24,613,516)	(20,571,847)	(20,848,522)	(23,244,680)	(20,367,528)	(19,613,382)	(15,862,631)

(Explanation for Note (1) is on Page 1 of 2.)